



Department of Justice

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**JUSTICE DEPARTMENT REQUIRES U S WEST TO SELL
CONTINENTAL'S INTEREST IN TELEPORT COMMUNICATIONS
GROUP IN ORDER TO GO AHEAD WITH MERGER**

**Competition Protected in Denver, Phoenix, Seattle, and Nebraska
as a Result of Divestiture**

WASHINGTON, D.C. -- The Department of Justice today required U S WEST Inc., one of the seven Regional Bell Operating Companies and Continental Cablevision Inc., the third largest cable system operator in the nation, to divest Continental's interest in Teleport Communications Group Inc., as a condition of proceeding with their \$11.8 billion dollar merger.

The Department's Antitrust Division said that the deal as originally proposed would have substantially lessened competition in certain markets for dedicated telephone services, which include special access and local private line services. In each of the relevant cities--Denver, Phoenix, Seattle, and Omaha, Nebraska--U S WEST is the dominant provider of dedicated services and Teleport Communications is one of only a small number of firms challenging U S WEST's dominance.

"If a dominant firm buys up its competitor, then consumers can be deprived of lower prices and better quality services," said Joel I. Klein, Acting Assistant Attorney General of the Antitrust Division. "The antitrust laws don't allow a dominant firm to own even a part of a competitor trying to break into the market."

U S WEST, the dominant provider of local telecommunications services within its 14-state telephone service area, competes directly with Teleport Communications in providing

certain telecommunication services to medium and large businesses in Denver, Phoenix, Seattle, and Omaha, Nebraska.

The Department's Antitrust Division filed a civil antitrust suit today in U.S. District Court in Washington, D.C. in order to block the merger as originally proposed. At the same time, a proposed settlement was filed that, if approved by the court, would settle the case.

As part of the proposed settlement, the Englewood, Colorado-based U S WEST and the Boston-based Continental agreed to divest Continental's interest in Teleport Communications by December 31, 1998.

The settlement also prohibits the parties from appointing members to or participating in meetings of Teleport Communications' Board of Directors.

The settlement contains other provisions barring U S WEST's access to confidential Teleport Communications information, pending completion of the divestiture.

The complaint alleged that the partial acquisition would have resulted in a substantial lessening of competition in the market for dedicated telephone services, which include special access--dedicated lines linking high-volume business users with their chosen long-distance carriers--and local private line services--dedicated lines connecting multiple locations of an end-user within a given metropolitan area.

U S WEST's total annual revenues for 1995 was about \$11.7 billion. Continental's total annual revenues for 1995 was about \$1.4 billion. Teleport Communications' total annual revenues for 1995 was about \$184.9 million.

As required by the Tunney Act, the proposed consent decree will be published in the Federal Register, together with the Department's competitive impact statement. Any person may submit written comments concerning the proposed consent decree during a 60-day comment period to Donald J. Russell, Chief, Telecommunications Task Force, Antitrust Division, U.S. Department of Justice, Room 8104, 555 4th Street, N.W., Washington, D.C. 20001 (202) 514-5621.

At the conclusion of the 60-day comment period, the federal district court in Washington, D.C. may enter the consent decree upon finding that it serves the public interest.

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